April 19, 2017

Delivered By Email tsxrequestforcomments@tsx.com

Ms. Carina Kwan
Legal Counsel, Regulatory Affairs (Equity Trading)
TMX Group
The Exchange Tower
130 King Street West
Toronto, Ontario M5X 1J2

Dear Ms. Kwan:

RE: TSX Request for Comments—"Obligation to Publicly Disseminate Insider Trading Marker Summary Report on an End-of-day Basis"

IFIC is writing to provide comments on the TSX Request for Comments—"Obligation to Publicly Disseminate Insider Trading Marker Summary Report on an End-of-day Basis" (the "Request for Comment") on proposed changes to the requirement that the TSX Inc. ("TSX") and TSX Venture Exchange Inc. ("TSXV") publicly disseminate daily a consolidation of all trades that day that have an insider trading marker ("Required Insider Reports").

IFIC and its members support transparency in the marketplace. We appreciate the opportunity to review the continued relevance of daily disclosure of the Required Insider Reports in light of the market integrity concerns the TSX has identified arising from the requirement to publish daily.

These market integrity issues arise due to the Required Insider Reports providing information on a per security basis grouped in buys and sells. As noted in the Request for Comments "There is a potential that, with this knowledge, coupled with the public information that discloses the identity of large securityholders of a reporting issuer, sophisticated market participants are in a position to use the Required Insider Reports to deduce that a large securityholder may be changing its holdings in a particular security …to trade ahead of the large securityholder in subsequent days."

The Required Insider Reports obligation arose from a 2003 report of the Insider Trading Task Force which was seeking to reduce the risk of illegal insider trading and to provide information that might be important to investors but that was not otherwise required to be disclosed. Since the Task Force's report there have been other legislative developments with respect to publication of information about trading by insiders. In particular, insiders are required to complete a profile on SEDI and to report any trades within 10 days of each trade.

Importantly, one class of investors is exempt from the SEDI reporting requirements provided they qualify under NI 62-103 "The Early Warning System and Related Take-Over Bid and Insider Reporting Issues" as an "Eligible Institutional Investor" ("EII"). EIIs need only report their insider trades within 10 days after the end of the month in which the trade occurred. We understand that the policy rationale for providing the Alternative Monthly Reporting regime for EIIs is that they are passive investors that are not investing with a view to effecting control of the reporting issuer. As a result, although some investors might be interested in trading by all insiders of a reporting issuer, trading by EIIs is not an indication of a possible control transaction and does not need to be disclosed on as timely a basis.

Our members who are insiders of reporting issuers are EIIs. They are trading based on a variety of reasons such as cash flow management or rebalancing portfolios. They are not trading with a view to effecting a control transaction. Therefore, daily disclosure of their trading through the Required Insider Reports is unnecessary for purposes of informing the market of their view. Additionally, we have heard from some members that they share the TSX's concern about trading ahead in subsequent days. This is an investor protection issue. If sophisticated market participants are trading ahead of funds based in part on information they derive from the Required Insider Reports then fund unitholders are harmed as the price paid by the fund to buy or sell the security will have been impacted negatively, from the perspective of the fund and its unitholders, by this advance trading.

We express no view as to the continued utility of the Required Insider Reports. To the extent they will continue to be required we recommend that, for investor protection purposes, they be required to be filed with an appropriate delay, in the range of 3 to 5 days after each trade, to accommodate completion of trades of large and/or less liquid positions.

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We would be pleased to provide further information or answer any questions you may have. Please feel free to contact me by email at rhensel@ific.ca or, by phone 416-309-2314.

Yours sincerely,

THE INVESTMENT FUNDS INSTITUTE OF CANADA

By: Ralf Hensel
General Counsel, Corporate Secretary and Vice President, Policy

Cc: Market Regulations Branch – Ontario Securities Commission
(marketregulation@osc.gov.on.ca)